Supreme Court ruling affects First Security and 2 employees

The U. S. Supreme Court last week issued a ruling against First Security Bank and two of its employees in a test case involving $129,519.56 in damages for about 85 mixed-blood Ute Indians.

The court upheld a federal district court for Utah ruling that the mixed-blood Utes were misled in the sale of securities issued for them by the Ute Distribution Corporation.

That district court decision was subsequently reversed in an appeals court, but was upheld by the U. S. Supreme Court.

The suit was initiated in 1965 by Anita R. Reyos and 84 other mixed-blood Utes against the bank and Verl Haslem and John B. Gale, officers of the Roosevelt branch of First Security Bank of Utah, N. A.

Twelve "bellwether plaintiffs" were selected from among the 85 Indians for the test case. In this case, the Federal District Court for Utah held that $1,500 was a fair market value for a share of UDC stock.

The District Court also fixed damages due the Indians from the bank and defendants at $129,519.56. (The matter of individual damages was remanded by the U. S. Supreme Court back to the trial court for its consideration in the Monday ruling.)

The suit was the outcome of the Ute Partition Act enacted by Congress during the Eisenhower Administration providing for partition and distribution of the tribe's assets between mixed and full-blood tribe members. This resulted in the creation of the Ute Development Corporation, which issued 10 shares of stock in the name of each mixed-blood and agreed that First Security Bank would become UDC transfer agent.

It was held in the test case that the Indians had sold 1,387 shares, of which Mr. Haslem bought 50 and Mr. Gale 63 at prices ranging from $300 to $700. The District Court reached its $1500 per share valuation after taking into account potential oil shale and assumed and unknown mineral deposits on the Uintah and Ouray Reservation and the remaining interest in an earlier judgement concerning mixed-bloods. At the time of the District Court trial, it was pointed out that the average price per share on the 1387 shares, most of which was 2nd and 3rd sales between non-Indians was 478.00 per share.

The federal government was also named in the original case, but that portion was later thrown out by the U. S. 10th Circuit Court of Appeals in Denver. This was also upheld in the U. S. Supreme Court decision handed down last week.

Officials of First Security Bank of Utah, N. A., in reference to the Supreme court decision stated that the bank did not buy or sell any Ute Distribution Corporation stock and made no profit from the purchase or sale of the securities. The statement added "The bank's only income came from its service as transfer agent based on a fee of $1 per certificate issued. The fee in each instance was paid by the party purchasing the stock and total fees involved were $1,505.

"The bank is unable to comment further as we have not at this time received the opinion of the court. The case involved a decision in favor of twelve mixed-blood stockholders of the Ute Distribution Corporation in the sum of approximately $129,000. Contrary to reports, no treble damages are involved under Section 10b-5 of the Securities Act."

"The decision handed down Monday, April 24, involved only twelve mixed-bloods. Others who might possibly be affected by the court's ruling will have to prosecute their own actions to determine whether or not they are entitled to recovery. The bank's involvement stems from the transactions of two employees acting as individuals and not on behalf of the bank. However, under the court's interpretation in this case, the liability of the bank is considereed to be co-extensive with that of the two individuals. The case has been sent back to the District Court for determination of any amounts due the Ute stockholders who sold their stock."

Associate Justice Harry A. Blackman's opinion states "Gale and Haslem received various commissions for their services in connection with UDC stock from mixed-bloods to non-members, solicited contracts for open purchases of UDC stock on bank premises during business hours and prepared the necessary affidavits and other papers, using at best, informal procedures."

In commenting on Justice Blackman's opinion, Mr. Haslem stated, "The Justice's conclusions are in error, and he apparently did not know the facts in the case. We received no commissions for our involvement in the transactions."

"The measure of damages for each seller, the (district) court held, was the difference between the fair value of the UDC shares at the time of sale and the fair value of what the seller received."

"The court of appeals reversed in substantial part, holding that after the 1961 termination that the government owed petitioners no duty in connection with the UDC stock sales, that Gale and Haslem were liable only where they personally purchased shares for their own accounts or for resale to an undisclosed principal at a higher price, but not in other instances where their actions were held to be only administerial, and the bank's liability did not extend beyond Gale's and Haslem's."

Haslem and Gale also pointed out that of the 12 mixed-bloods involved in the test case, they had done business with only six, and these on only a small portion of their stocks. "At that time both the buyer and the seller felt the amount paid was a fair amount", Mr. Haslem stated, adding, "It should be recognized that values fluctuate with time."

Fire

Damage was heavy in the home damaged by fire early Monday morning. The downstairs living room, shown in photo was a shambles as plaster had fallen from walls and ceiling and water damage was also high.

Fire damages home in Roosevelt Monday

Eight persons of two families escaped injury in a fire which heavily damaged a home in Roosevelt early Monday morning.

The fire was discovered about 2 a.m. when Richard Fausett smelled smoke and upon investigating found that their home was on fire. He took his two youngsters from the home, called the Keith Boren family from the apartment downstairs and called the fire department.

Kenneth Labrum, Assistant fire chief, said that damage will run to more than $5,000, part of which is covered by insurance.

The home belongs to Jack Rasmussen and was rented to Mr. and Mrs. Richard Fausett and Mr. and Mrs. Keith Boren. Each family has two children.

Gerald R. Hansen bids for State Auditor post

Mr. Gerald R. Hansen, incumbent Salt Lake County Auditor, today announced his candidacy for the nomination of the Republican Party for the office of the State Auditor. Mr. Hansen is the first Republican to announce his candidacy for this office.

Mr. Hansen is 37 years of age and was born in Brigham City and raised in Ogden. He is a graduate of Ogden high school, Weber College and the University of Utah, and holds an Associate of Science Degree and Bachelor of Science Degree in Political Science, and a Bachelor of Law Degree. He is a veteran having served as an enlisted man in the Infantry in the United States Army for two years and was honorably discharged. He is a former Supreme Court Clerk, Assistant Attorney General, Deputy County Attorney, Juvenile Court Referee, and Legislative Reference Attorney, and was Chief Clerk of the Utah House of Representatives in 1970.

Mr. Hansen is married to Sharon Farr Hansen, and has three children, Cari (age 10), Kristin (age 8), and Matthew (age 1).

GERALD R. HANSEN . . . seeks nomination as State Audtior for coming election.

Lawrell Jensen to be honored by local PTA

Lawrell Jensen, principal at the Roosevelt junior high school, will be honored May 4, during the monthly PTA meeting to be held at the junior high school. He will be retiring at the end of the school year.

Mr. Jensen was born May 6, 1907 in Ft. Green, Sanpete County. After attending elementary school there he went by bus to Moroni for his high school education and while there he excelled in basketball. He also graduated from LDS Seminary.

During college at Snow he was twice chosen as the most outstanding center in the Rocky Mountain Basketball league. He was granted an athletic scholarship while attending BYU. He also did some teaching while working towards his degree.

His first teaching position was at Moroni high school. He married the former Veda Cox Aug. 30, 1933 and then spent two years coaching at North Sanpete high school.

In Paris, Ida., he continued coaching at Fielding high and remained there for 8 years. He then returned to become principal at Monticello, a school that contained both elementary and high school students. He was also the coach.

They moved to Roosevelt in the fall of 1948 and he has been principal of Roosevelt high school and then Roosevelt junior high since that time.

The construction of the new modern junior high building has been the culmination of one of Mr. Jensen's fondest dreams.

Always taking an active part in school affairs he has worked for better working conditions for teachers. He has served as Duchesne Education Assn. president and has also served as president of the state association for secondary principals. He has worked on salary committees, both on a state and local basis.

He helped organize the first Lion's Club in Monticello and was also their first president. Twice he has been president of the Roosevelt Lions Club. He has also been an active member of the Roosevelt chamber of Commerce and has served as president.

He has an insurance business with an office in the Post Office Building. He works with livestock and has horses on his ranch.

They have two sons, Carl, who is an engineer and lives in Littleton, Colo., and Robert, employed at Hill Air Force Base as a mathematician in the computer department.

They also have four grandchildren.

There will also be election of new PTA officers for the coming year and the Junior high school band and chorus will provide musical numbers.

Clean-up day held at Altamont Town

Clean up Day was recently held at Altamont, the elementary school doing a bang up job on the school grounds with the Cub scout pack 266 taking the lead in the Altamont streets and the rodeo grounds getting a clean up , pick up job. The ladies riding club and mens roping club also were there to help.

This month being "Keep America Beautiful" lets all use the garbage cans, this makes it so much prettier and everyone enjoys the outdoor scenery.

LAWRELL JENSEN . . . will retire at end of school year after 39 years in education.

Post 64 sets elections

New officers for Basin Post 64 will be elected at their regular meeting to be held Thursday, May 4 with the meeting to begin at 8 p.m. in the American Legion Barracks.

Commander Harry Dean will be in charge. He urges all Legionnaires and veterans of all wars including Vietnam to attend.

It's Our Policy

by Kenneth Adney

High on the list of household injuries are those which involve the eyes! The kitchen, workroom and backyard all contain appliances & chemicals which can be dangerous.

Fireworks, BB guns, slingshots and bows and arrows are seasonal trouble-makers. Prompt first aid often makes the difference between a slight hurt and permanent damage. Know what to do until you see the doctor.

If household chemecials are splashed or rubbed into the eys, pouring cool water directly into the eyes from a glass or cup is helpful.

If the eye is cut, cover it with a light dressing; then hurry to your family doctor, or to an opthamologist!

When your eyes are involved, it's good sense to be particularly careful. And when your health is concerned, it's also good sense to have adequate health insurance. We'll be happy to go over your present coverage with you and show how it can be improved at little cost at—

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